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CHAIRMAN'S REPORT

As your Chairman, I am delighted to present the 2005 Annual Report for the ING Property Trust. In addition, I am pleased to confirm that over the past 12 months, the Trust has taken further positive steps towards its goal of becoming one of the leading property trusts in New Zealand.

It is heartening to see the market endorsing the Trust's strategy, and to observe progress in the unit price performance, with a total unitholder return of 24.6% for the 12 months to 31 March 2005.

Before reporting on specific achievements for the year, I would like to thank the founding Chairman of ING Property Trust Management Limited, Dr Robin Congreve, who resigned from the Board after serving two years in the Chairman's role. The Board wishes to recognise Dr Congreve for his leadership of the Trust over its formative years.

I am also pleased to welcome two new directors to the Board of the Trust's Manager; they are the Honourable Philip Burdon and David McClatchy, both of whom bring considerable commercial experience. Profiles of the Board members can be found on page 19 of the Annual Report.

The Trust announced on 13 June 2005 that its takeover offer for Urbus Properties Limited was unconditional. At the time of writing, acceptances representing over 80% of all the Urbus securities on issue have been received. I am confident that the Trust will reach the 90% threshold, which will ensure a full merger of Urbus and the Trust.

With many similar characteristics, the merging of the Urbus property portfolio with the Trust's will result in an extremely complementary fit. If successful, the takeover will also create significant benefits for all unitholders and will increase the size of the Trust to over $800 million in property assets, with 97 buildings, making it the most diversified property trust listed on the New Zealand Stock Exchange.

In addition, significant progress has been made towards strengthening the quality of the Trust's existing portfolio through a continuation of the property rationalisation programme. This has involved the replacement of some of the smaller and more mature assets with higher-quality properties that exhibit greater growth prospects.

Through focused and active management, the Trust's core property portfolio has also performed extremely well over the financial year. The portfolio has an occupancy rate of over 99%, and an attractive weighted average lease term of five years, which is appealing considering the highly diversified nature of the portfolio. Strong rental growth has also been achieved over the year.

In recognition of the increased expectations of public company directors, together with the significant increase in the Trust's size and scale, the Board of the Manager has asked the Institute of Directors (IOD) to undertake a review of the quantum and methodology of payment of the directors' fees. The proposed changes to directors' remuneration, has been supported by the independent report from the IOD. Any recommended changes to directors' remuneration are subject to unitholder approval at the AGM, which will be held this year at Alexandra Park in Auckland on 29 August 2005.

This has been a year of solid results and strong financial performance, with further steps taken to achieving the strategic goal of becoming a leading property trust in the New Zealand market place. I am pleased with the progress made, and the Trust is well positioned as we enter the new financial year to capitalise on the opportunities that have been created, and to continue to deliver sound financial returns for unitholders.

Finally, we thank you for your support and look forward to continuing the journey of positioning the Trust as a leading property investor.

P.M. Smith

Michael Smith
Chairman
ING Property Trust Management Limited

CHAIRMAN'S REPORT *continued*

Financial Performance	Actual	Actual
	Group 31 March 2005 ($000s)	Group 31 March 2004 ($000s)
Net Property Income	30,302	14,123
Operating Surplus Before Taxation	25,608	13,757
Taxation	6,236	2,808
Operating Surplus After Taxation	19,372	10,949
Unrealised Net Change in Value of Investment Properties	13,126	2,787
Net Surplus for the Period	32,498	13,736
Units on Issue	240,432	237,743
Earnings per Unit (Cents) - Before Revaluations and Taxation	10.76	11.08
Distributions either made or declared for the period:		
Cash Distribution (Cents per Unit)	8.14	10.00
Imputation Credits (Cents per Unit)	2.57	1.15
Gross Distribution (Cents per Unit)	10.71	11.15
% Imputed	64.1%	23.4%
Financial Position		
Current Assets	32,296	87,802
Investment Properties	323,747	221,783
Total Assets	**356,043**	**309,585**
Total Liabilities	**93,868**	**62,850**
Equity	**262,175**	**246,735**
Net Tangible Assets per Unit (Cents)	109.0	103.8
Debt to Total Assets	25.0%	19.7%

MANAGER'S REPORT TO UNITHOLDERS

Over the past 12 months, the Trust has made further strong progress in the pursuit of its goal to become a leading property trust in New Zealand.

The main themes for the past 12 months have been:

- **Continuation of the property rationalisation programme that commenced in December 2003.**
- **Organic improvement to the quality of the existing property portfolio.**
- **Building the Trust in both size and profile.**

Portfolio remix

Over the year, a full review was completed on the assets identified for sale, resulting in the reclassification of six of those properties to being appropriate long-term 'hold' properties.

There are a variety of reasons for the reclassification, including lease re-engineering, location/infrastructural improvements, price assessment and the identification of future development opportunities that will add value. The six 'hold' properties had a total book value of $21.6 million and a total current market value at the time of the transfer of $25.2 million, as assessed by an independent registered valuer.

The Trust took advantage of the strong market conditions by selling nine properties, with a combined book value of $23.3 million.

The rationalisation programme has also focused on the disposal of smaller-valued properties, or properties identified by the Trust as mature assets, where limited further value could be added. Much of this work has now taken place, with the restructuring of the existing portfolio largely complete. The sales of these properties resulted in net gains over their book value of $2.6 million.

Since the portfolio rationalisation programme began in December 2003, a total of 34 properties with a value of $92.6 million have been sold, with all but one selling at prices above the existing book value.

Six properties, with a value of $27.5 million remain on the disposal list as at 31 March 2005. Of these, active negotiations are underway on two of the properties, while management continues to add value to the remaining four properties before they will be offered to the market.

Over the same period, three new properties were acquired. The acquisition of the new high-quality office building occupied by ANZ National Bank, at 107 Carlton Gore Road was identified in last year's annual report. Construction of this property was completed in April 2004, with settlement also occurring in April 2004.

PORTFOLIO SALES

Address	Sector	Sale Price
37-39 Treffers Rd, Sockburn, Christchurch	Industrial	$1,563,000
33-35 Treffers Rd, Sockburn, Christchurch	Industrial	$1,216,000
45A Treffers Rd, Sockburn, Christchurch	Industrial	$1,121,000
741-749 Colombo St, Christchurch	Commercial	$4,878,000
39-45 College Hill, Ponsonby, Auckland	Commercial	$6,860,000
22 Waione St, Petone, Wellington	Industrial	$2,050,000
13-17 Arwen Pl, East Tamaki, Auckland	Industrial	$2,570,000
210 Khyber Pass Rd, Newmarket, Auckland	Commercial	$3,700,000
240 Thorndon Quay, Wellington	Commercial	$2,527,000

PORTFOLIO ACQUISITIONS

Address	Sector	Purchase Price
107 Carlton Gore Rd, Newmarket, Auckland	Commercial	$21,245,860
23 Custom St East, Auckland City	Commercial	$30,500,000
Semple St, Porirua, Wellington	Retail	$14,200,000

The Citibank Centre at 23 Customs Street East, Auckland was acquired by the Trust in July 2004. the Centre is an attractive 15-level office building occupying a prominent corner position within the heart of the downtown Auckland CBD and directly adjacent to the high-profile Britomart redevelopment.

Stage 1 of the Porirua Mega Centre in Semple Street, Porirua, Wellington, comprising a 10-unit bulk retail property (part of the larger bulk retail precinct adjacent to the Porirua town centre and the North City Shopping Centre) was acquired by the Trust in February 2005.

Further details regarding these acquisitions can be found on pages 13-15.

Capital improvements

Over the past 12 months, there has been a focus on upgrading and improving the Trust's property assets, at the same time maximising the value-added opportunities inherent in the portfolio. Over the year, $4 million has been invested back into buildings to ensure the property assets are of the highest possible standard and able to meet the ongoing needs of tenants.

Significant building projects either underway or completed during the year included the reconfiguration and subdivision of the two ground-floor retail units of the office building at 47 Waring Taylor Street, Wellington, to provide four new retail tenancies. The building alterations will increase the potential rental from $313,000 pa to $480,000 pa, and will add over $1 million of capital value to the asset.

Some $1.6 million has been committed for the extension and upgrade of two industrial buildings in East Tamaki (2 Allens Road and 106 Springs Road). One of these buildings is occupied by a major international company, and the adjoining building is being upgraded for a sister company. On completion, both buildings will be subject to new nine-year leases.

Close to these properties, a small stand-alone office and industrial building occupying a prominent corner position has been upgraded at a cost of $360,000. The building has been leased to Bayleys Real Estate under a new eight-year lease term.Management continues to investigate other redevelopment and added-value opportunities within the portfolio; this will remain a focus for the coming 12 months.

For more details of these projects see Case Study – Adding Value, pages 16-17.

Size and scale

Since the establishment of the Trust in December 2002, the gross property assets of the Trust have grown from $57.4 million to $351.3 million, as at 31 March 2005. In the latest initiative to further increase the size, scale and profile of the Trust, the directors announced the takeover of Urbus Properties Limited on 14 April 2005. The takeover offer was declared unconditional on 13 June 2005. The Urbus property portfolio comprises 55 properties, with a value of $447 million. In similar fashion to the Trust, the Urbus portfolio is diversified across the three main asset classes of retail, commercial and industrial, and is weighted towards the strong Auckland market.

Once the takeover is effected, the combined group will have assets in excess of $800 million, making it the second-largest property vehicle listed on the New Zealand Stock Exchange by market capitalisation. The merging of the two entities, and subsequent combining of corporate functions, is expected to result in a number of benefits for all unitholders, including:

- Increased diversification of the merged group's portfolio by rental income, number of tenants and buildings. It is expected to lead to reduced individual lease expiry risk and a reduced volatility of cashflows
- Projected lower cost of bank borrowings, which should result in higher earnings for unitholders
- Projected inclusion in the NZSX50 Index and likely increase in the liquidity of units in the Trust
- Increased ability to participate in strategic investment opportunities.

Portfolio occupancy rate

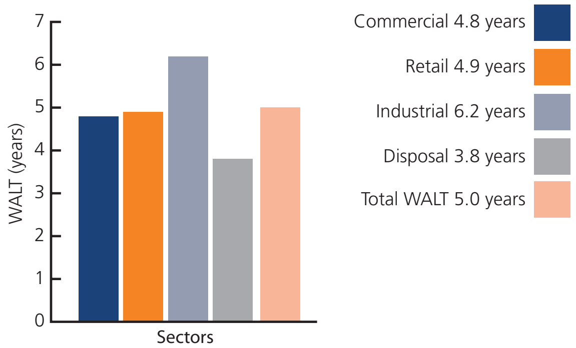
The reporting year commenced with 6,473 sqm of space vacant. This represented a 97% occupancy rate for the property portfolio as measured by net lettable area. The portfolio occupancy rate as at 31 March 2005 has improved to 99.3% as measured by net lettable area. The amount of vacant space within the portfolio at year end fell to 1,342 sqm.

Portfolio Weighted Average Lease Term (WALT)

The WALT in the portfolio has been maintained at 5.0 years. This is a good result and reflects the active management of tenants and leases, together with the success of the leasing programme.

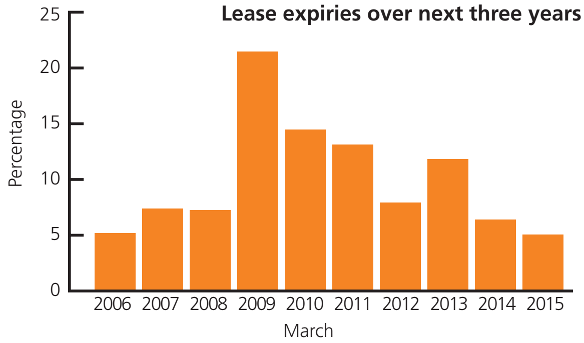
The WALT is represented between the various sectors in the chart below:

WALT holding by Sector



The chart below shows that the level of lease expiries over the next 10 years, and in particular, the next three years, is very modest.

Lease expiries over next three years



New leasings

It has been an extremely busy and active year for the Trust, with 51 new leases or renewal of existing leases completed. This represents 42,204 sqm of space leased to new or existing tenants, producing $6.2 million of net rental per annum. The average lease term from the new leases is an attractive 6.1 years. Significant leasing transactions completed during the year included:

ADDRESS	SECTOR	TENANT	FLOOR AREA (sqm)	LEASE TERM yrs
306 Neilson St, Penrose, Auckland	Industrial	Fletcher Steel	4,584	6
42 Sir William Ave, East Tamaki, Manukau	Industrial	Textile Bonding	4,369	6
106 Springs Rd, East Tamaki, Manukau	Industrial	Schwarzkopf	3,846	9
2-6 Park Ave, Grafton, Auckland	Commercial	University of Auckland	3,892	6
2 Allens Rd, East Tamaki, Manukau	Industrial	Henkell NZ Limited	2,954	9
12 Allens Rd, East Tamaki, Manukau	Industrial	Nuplex Medismart Ltd	2,377	6
25 Nugent St, Mt Eden, Auckland	Commercial	Schindler Lifts NZ Ltd	1,938	6
42 Upper Queen St, Auckland	Commercial	Telecom NZ Limited	1,650	4
39 Market Pl, Auckland	Commercial	PMP NZ Ltd	1,468	7
269 Khyber Pass Rd, Auckland	Commercial	NIWA	1,318	6
25 Nugent St, Mt Eden, Auckland	Retail	Sony NZ Ltd	1,091	3

Rental reviews and rental levels

It has been another successful 12-month period in terms of rental reviews. During the reporting year, 41 rental reviews were completed. These resulted in 29 rental increases totalling $371,352 per annum.

Over the next 12 months, a further 48 reviews are to be concluded.

As at 31 March 2005, the property portfolio in aggregate is rented at or about market levels.

Valuations

The valuation policy of the Trust is to complete full property valuations by independent registered valuers as at 31 March of each year. The valuation policy further provides that any one valuer cannot value a building for more than two consecutive years, resulting in a rotation of valuers on a regular basis.

The properties identified on the disposal list are held in the Trust's accounts at the lower of cost or net realisable value whereas the core long-term hold properties are held at current market value, as assessed by an independent valuer less an allowance for disposal cost.

The year-end property valuations showed an increase of $13.1 million (after allowance for disposal costs). This represents an increase of 4.6% on the core hold properties that were subject to revaluation.

All of the disposal properties are held in the accounts at original cost, with the exception of 12-22 Hawkestone Street, Wellington, which is held at net realisable value.

The revaluation gains had a positive impact on the Trust's net asset backing per unit, which rose by 5% from $1.04 to $1.09. A summary of all properties held by the Trust can be found on pages 11-12.

Interest rate management

The Trust's interest rate management strategy is to minimise interest rate costs while limiting the risk of future interest rate increases by utilising hedges and swaps. This approach is premised on a base philosophy that the Trust is not an interest rate speculator, and will seek to lock in tenancy margins and unitholder returns.

The Trust has entered into a series of laddered interest rate swaps with final maturities ranging from 2005 to 2009. The Trust has matched the interest rate swaps' final maturities with future lease expiries. The target hedge level is 85% of the forecast debt level of the Trust.

At balance date, the Trust had $88.9 million of drawn down debt, of which the interest rate risk on $72 million was covered by way of swaps. The effective interest rate as at 31 March 2005 (including swaps and margins) was 6.29%.

Income distribution

The distribution policy of the Trust is, over the long term, to distribute on a quarterly basis all of the Trust's net profit after tax (excluding non-operating expenditure, gains on revaluations and profits on the realisation of properties sold in previous financial years), for so long as it is prudent to do so, and having regard to the Trust's operating requirements, gearing level, planned acquisitions and other relevant commercial considerations.

In determining the amount of distributions, the Manager will have regard to the foregoing factors and, in particular, will only make distributions if, and to the extent that, immediately following the distribution, the Trust would (if it were a company), satisfy the solvency test set out in section 4 of the Companies Act 1993.

Each quarterly payment is based on the financial results for the quarters ended March, June, September and December. The announcement of the dividend to unitholders is made within three months of quarter end and is followed by actual payment shortly thereafter.

ING PROPERTY TRUST

Trust facts as at 31 March 2005

- Portfolio value of $351.3 million comprising 43 buildings
- Geographic diversification, with a strong focus on Auckland
- Following a successful leasing and sales programme, the portfolio occupancy rate is over 99%
- 51 leasing transactions completed over the year, contributing $6.2 million of rental and accounting for 20% of the total space in the portfolio
- 29 rental reviews resolved, resulting in a 4.5% increase in rental for leases reviewed. In dollar terms, the reviews resulted in additional rental of $371,352
- Weighted average lease term (WALT) of the portfolio maintained at 5.0 years
- Portfolio revalued upwards by $13.1 million after allowance for disposal costs.

The Trust declared gross dividends totalling 10.71 cents per unit for the 12-month period to 31 March 2005. This is in line with the 2003 Explanatory Memorandum projection of 10.70 cents per unit. The dividends declared had imputation credits of 2.57 cents per unit attached. A gross dividend for the quarter ended 31 March 2005 of 2.686 cents per unit was declared on 24 May 2005. The record date for the dividend was 10 June 2005, and was paid on 17 June 2005.

Property overview

Despite the Reserve Bank of New Zealand increasing the Official Cash Rate six times (from 5.25% to 6.75%) during the year, the commercial market remained extremely firm, with buyer demand across all value ranges. The private buyer market has also been particularly strong.

The Trust took advantage of the strong sales market by selling a number of buildings and achieving extremely attractive sale prices.

The strong domestic economy over the past three years has seen considerable business expansion, and high-capacity utilisation levels are driving tenant demand. The improvement in base property fundamentals experienced in 2004 has continued into 2005. Building vacancy rates across most sectors are at a cyclical low and the limited amount of new supply is proving to be beneficial for building owners as tenants have fewer relocation options. This is leading to building development and expansion opportunities within the Trust's existing portfolio.

Commercial

In the Wellington office market, the expansion of the government sector is putting pressure on space, and the resulting increase in rentals has been positive for the Trust's Wellington properties. We expect the strong performance of the Wellington market to be sustained over the next 12 months. The Auckland CBD and fringe office markets have performed well, with occupancy rates increasing and rental pressure becoming more systemic.

In Auckland, two office properties were acquired during the year. Particularly pleasing is the acquisition of the new office building at 107 Carlton Gore Road in April 2004, which saw a 7% increase over the purchase price when revalued at 31 March 2005.

Industrial

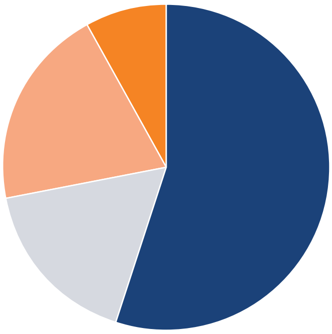
High tenant demand for industrial space, coupled with sharply increased land prices and buildings costs, has resulted in strong rental growth for industrial properties. This is expected to be positive for the Trust's properties over the next 12 months. Property pricing also firmed over the year and, combined with the projected rental growth over the next 12 months and shortage of quality investment buildings for sale, it is expected the industrial sector will continue to deliver attractive returns.

Retail

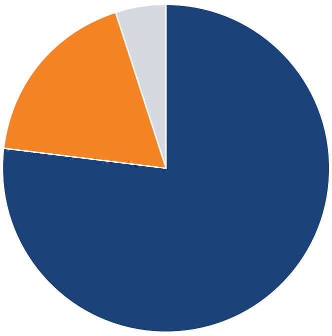
The retail sector performed well over the past 12 months and, despite the forecast of a slowing in the domestic economy, we expect the retail market to remain firm over the balance of the year, assisted by the lowest unemployment rate seen in New Zealand for over 20 years.

A well-located bulk retail property was acquired during the year to take advantage of the strength of this sector.

Portfolio Sector Spread



Portfolio Geographic Spread



Looking ahead

We expect the next 12 months to be an exciting time for the Trust, as we look to complete the takeover of Urbus Properties Limited and extract the benefits of the merger for all unitholders.

At the same time, we will continue to invest in existing properties to meet tenant requirements and seek to add value through the active management of tenants and buildings. The delivery of building expansion works and the management of other added-value opportunities from within the portfolio will be an important focus going forward.

We remain confident that property sector fundamentals will be positive over the coming 12 months and look forward to continuing the delivery of strong unitholder returns.

STRATEGY

Investment policy

The Trust's investment policy is to invest primarily in a diversified portfolio of good-quality, well-tenanted properties and to actively seek to grow the income of the Trust through the active management of the existing portfolio, as well as single property and corporate acquisitions.

Investment management

The Manager has adopted the following investment strategies in order to achieve the Trust's objective of providing unitholders with appropriate returns.

Active management philosophy

The Manager actively manages the portfolio to ensure that the quality of the portfolio is maintained and, where possible, enhanced.

Disciplined financial criteria

At all times, the overriding imperative of the Manager is to provide a return to unitholders that adequately reflects the risks of the Trust and represents an appropriate return on capital.

Diversification

The Manager will continue to develop a well-balanced, diversified portfolio by actively reviewing the composition of the Trust's portfolio (by use, type of building, tenants and location) to identify types of property that are under-represented in the portfolio.

Focus investment on quality properties

Ideally, the Trust seeks acquisition opportunities involving new, recently refurbished and well-maintained properties, as these properties typically have reduced capital expenditure requirements and attractive cash flow characteristics.

Value range

The Manager targets the acquisition of properties having a value between $10 million and $100 million. The Manager will also consider larger portfolio or company acquisitions.

Added value

The Manager seeks to add value through the active management of assets, strong tenant relationships and superior market knowledge, which in turn allows the Manager to enhance rental returns and property values from the property portfolio.

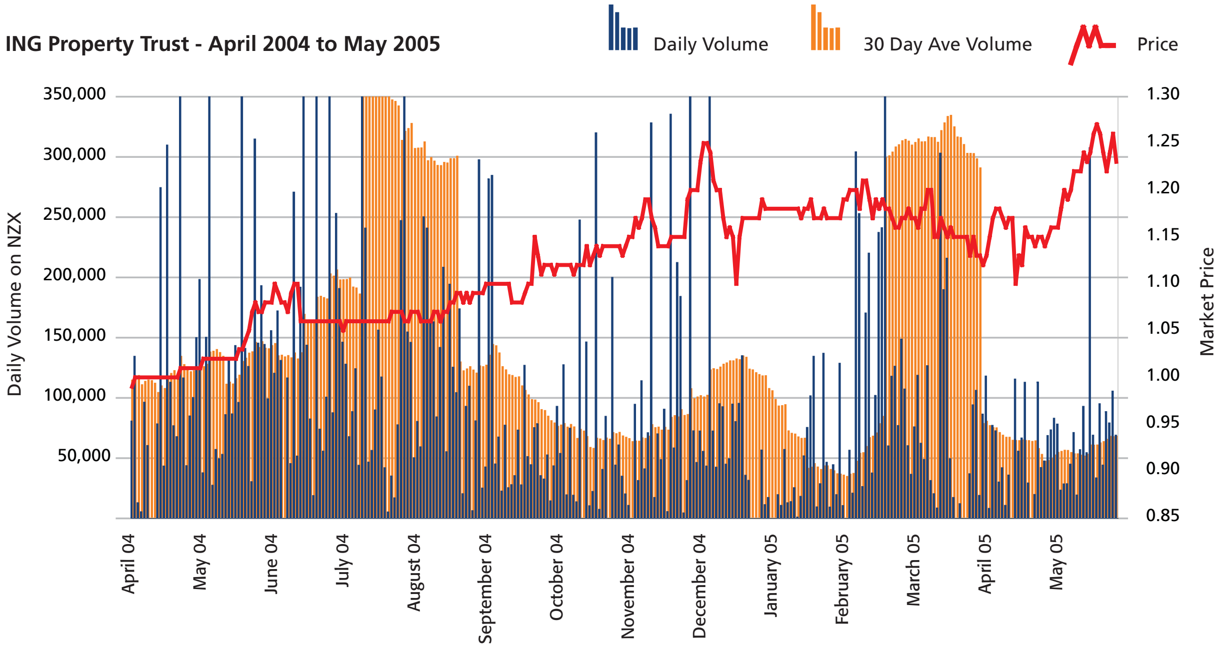
Management objectives

In order to meet the Trust's strategic objective, the Manager will:

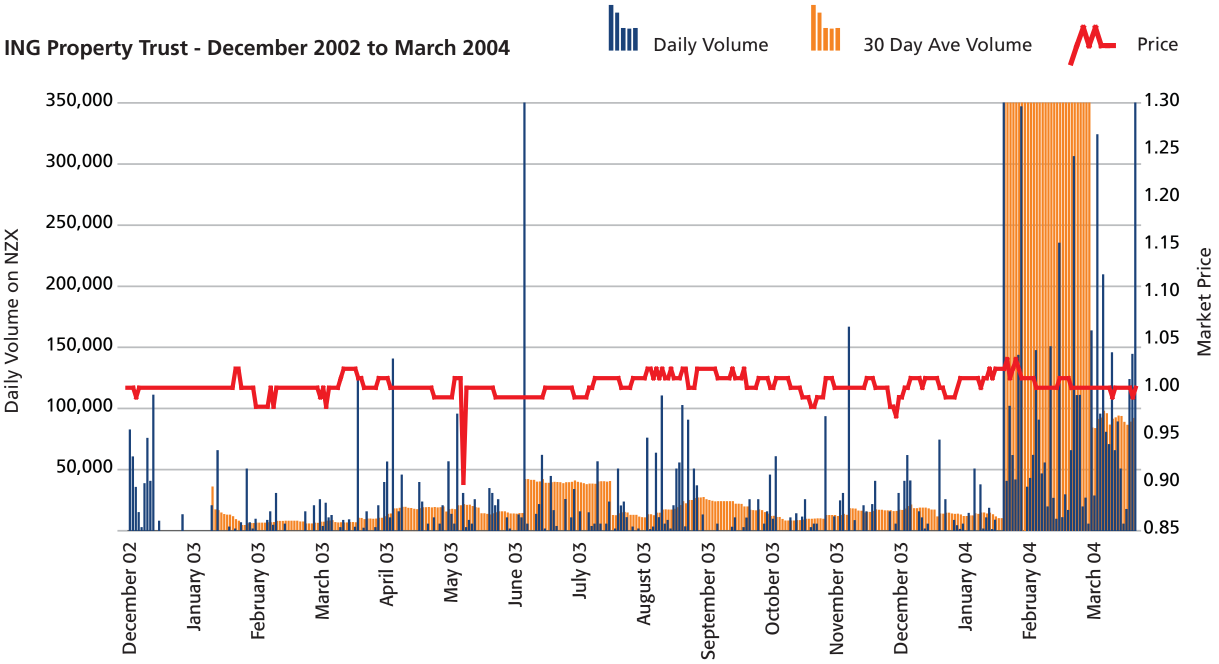
- Aggressively market any vacant properties to tenants and look at new marketing initiatives to ensure the buildings are kept at the forefront of property offerings
- Aggressively target lease expiries that are occurring 12 months out in order to retain the tenant or commence early marketing
- Actively work with existing tenants to ensure opportunities for lease re-engineering and/or tenant re-locations are maximised
- Actively manage the disposal programme to ensure maximum values are obtained for the properties identified on the disposal list
- Continue to aggressively target acquisition opportunities, including books of assets and company acquisitions
- Continue to invest in the physical assets to ensure the quality of the building portfolio is maintained
- Keenly focus on maintaining the income yield from the property assets in order to meet forecast distributions, while also seeking to capture the value added opportunities from the portfolio.

NZSX TRADING

ING Property Trust - April 2004 to May 2005



ING Property Trust - December 2002 to March 2004



PERFORMANCE TO 31 MARCH 2005

	1 Year	Since Inception
ING Property Trust	24.6%	24.0% pa
Benchmark (NZSX Property)	17.3%	20.2% pa

Property Address	Net Lettable Area (sqm)	Vacant sqm	Vacant % NLA	Net Current Value as at 31/03/05	Net Rent pa
Retail					
39 Cavendish Dr, Manukau	8,171			$12,375,000	$1,120,000
Stewart Dawsons Cnr, Wellington	1,800			$11,682,000	$1,025,246
Annie Huggan Gr, Wellington	6,409			$8,454,600	$772,800
180-202 Hutt Rd, Kaiwharawhara, Wellington	6,132			$7,722,000	$702,000
Ti Rakau Dr, cr East Tamaki Rd, East Tamaki, Auckland	3,085			$5,791,500	$525,000
Porirua Mega Centre, Semple St, Porirua, Wellington	6,132			$12,573,000	$1,177,446
Total retail portfolio	**31,729**	**-**	**0%**	**$58,598,100**	**$5,322,492**
Commerical					
GE Building, 39 Market Pl, Auckland	10,404	537	5.2%	$34,503,309	$3,249,268
Ericsson House, 105 Carlton Gore Rd, Newmarket, Auckland	5,368			$21,900,000	$2,046,167
Liggins Building, 2-6 Park Ave, Grafton, Auckland	3,892			$8,167,500	$801,986
56 Cawley St, Ellerslie, Auckland	4,938	715	14.5%	$10,222,454	$900,504
302 & 308 Great Sth Rd, Greenlane, Auckland	3,445			$7,044,575	$710,574
626 & 632 Great Sth Rd, Penrose, Auckland	5,641			$13,009,262	$1,264,712
706 Great Sth Rd, Penrose, Auckland	2,063			$2,524,500	$302,007
25 Nugent St, Grafton, Auckland	3,038			$4,876,669	$472,270
65 Upper Queen St, Auckland	2,651			$5,904,360	$576,439
46 Waring Taylor St, Wellington	9,067	90	1.0%	$22,046,441	$2,133,344
107 Carlton Gore Rd, Newmarket, Auckland	6,136			$22,473,000	$1,975,865
Citibank Centre, 23 Customs St East, Auckland	9,772			$30,393,000	$2,769,203
269 & 369 Khyber Pass Rd, Newmarket, Auckland	3,460			$8,159,939	$737,353
127 Newton Rd, Newton, Auckland	1,884			$2,821,500	$369,408
Total commercial portfolio	**71,759**	**1,342**	**1.87%**	**$194,046,509**	**$18,309,100**
Industrial					
1 & 5 Allens Rd, East Tamaki, Auckland	4,553			$4,326,124	$408,784
2 & 12 Allens Rd & 106 Springs Rd, East Tamaki, Auckland	9,157			$7,552,554	$734,729
12-20 Bell Ave , Mt Wellington, Auckland	24,085			$22,530,391	$1,942,077
960 Great Sth Rd, Penrose, Auckland	3,676			$3,465,000	$308,573
17 Mayo Rd, Wiri, Auckland	13,796			$9,900,000	$1,013,346
306 Neilson St, Onehunga, Auckland	4,584			$4,053,430	$376,396
Cnr William Pickering Dr & Rothwell Ave, Albany, Auckland	5,259			$5,445,000	$493,920
477 Great Sth Rd, Penrose U1,2&3, Auckland	3,475			$4,276,800	$421,902
42 Sir William Dr, East Tamaki, Auckland	4,369			$4,286,700	$364,103
27 Zelanian Dr, East Tamaki, Auckland	5,864			$5,266,800	$458,478
Total industrial portfolio	**78,818**	**-**	**0.00%**	**$71,102,799**	**$6,522,308**
6 properties on the disposal list	**22,434**	**-**	**0.00%**	**$27,544,271**	**$3,210,487**
Total of INGPT property portfolio	**204,740**	**1,342**	**0.66%**	**$351,291,679**	**$33,364,387**

Yield	WALT as at 31/03/05	Avg Lease Expiry 31/03/05	Major Tenants
9.05%	4.8	30 January 2010	The Warehouse
8.78%	2.4	31 August 2007	Dymocks, Kimberleys, Stewart Dawson
9.14%	5.9	28 February 2011	The Warehouse
9.09%	7.4	14 August 2012	Placemakers
9.07%	4.8	1 January 2010	Danske Mobler
9.36%	4.7	21 December 2009	Rebel Sports, Bond and Bond, LV Martin
9.08%	**4.9**		
9.42%	5.9	4 March 2011	GE Capital, PMP NZ Ltd
9.34%	3.4	2 September 2008	AMP, Ericsson, Johnson and Johnson
9.82%	7.6	30 October 2012	University of Auckland
8.81%	3.1	5 May 2008	James & Wells, Caltex
10.09%	4.5	10 September 2009	Pacific Brands, Metlifecare
9.72%	4.4	26 August 2009	Telecom Directories ,Telarc
11.96%	0.4	13 August 2005	Moore Business Forms
9.68%	5.5	24 September 2010	Sony, Schindler
9.76%	2.5	14 September 2007	Jasmax
9.68%	4.1	24 April 2009	Department of Internal Affairs
8.79%	8.2	22 May 2013	ANZ National Bank Limited
9.11%	3.9	25 February 2009	Citibank, US Government
9.04%	4.9	8 March 2010	NIWA, Eastern Hi Fi
13.09%	1.0	31 March 2006	Ihug
9.44%	**4.8**		
9.45%	4.0	6 April 2009	Bayleys, NZ Couriers, Biolab
9.73%	8.4	11 August 2013	Henkel NZ, Nuplex, Schwarzkopf
8.62%	5.9	28 February 2011	Peter Baker Transport, New Wave Logistics
8.91%	3.1	9 May 2008	Gough Gough & Hamer
10.24%	4.8	1 January 2010	Kmart
9.29%	6.5	9 October 2011	Fletcher Steel
9.07%	10.3	28 June 2015	Mascot Diecasters
9.86%	3.1	24 April 2008	TECO, Warehouse Stationery
8.33%	7.3	31 July 2012	Textile Bonding
8.54%	7.3	1 July 2012	Goode Industries
9.17%	**6.2**		
11.66%	**3.8**	**29 December 2008**	**various**
9.50%	**5.0**		

ACQUISITIONS

107 Carlton Gore Road, Auckland

The acquisition of the new high-quality office building at 107 Carlton Gore Road was identified in last year's annual report. Construction of this property was completed in April 2004 with settlement in the same month. The entire building is leased to ANZ National Bank for a nine-year term, providing a strong and stable cashflow.

The property is the final building in the Domain Centre Office Park and is located adjacent to Ericsson House, which is also owned by the Trust. With five office levels and two levels of fully secure basement carparking, the building benefits from large 1,100 sqm floors, with a central core that allows the most efficient use of space and provides a superb working environment. This building marks the completion of Symphony's major redesign of Newmarket's Carlton Gore Road, which has now been transformed into a premium office location.

Net lettable area	6,136 sqm
Asset class	Commercial
Current occupancy	100%
Major tenant (%)	ANZ National Bank (100%)
Passing net rental income p.a.	$1,975,865
Purchase price	$21,245,860
Yield on purchase price	9.30%
WALT at acquisition	9.0 years

107 Carlton Gore Road, Auckland

Citibank Centre, 23 Customs Street East, Auckland

The Citibank Centre was acquired by the Trust in July 2004 and is an attractive 15-level office building occupying a prominent corner position within the heart of the downtown Auckland CBD, directly adjacent to the major Britomart redevelopment.

The Citibank Centre is occupied by a number of well-recognised and high-profile tenants, including Citibank, US Government, NZ Post and Thai Airways.

Constructed by Fletcher Development and Construction for Cromwell Corporation in 1989, this building was well specified and has been well maintained. Ideally located between the Britomart precinct and Auckland's newest premium-quality buildings, the Citibank Centre provides good-quality office accommodation in a convenient location.

Net lettable area	9,772 sqm
Asset class	Commercial
Current occupancy	100%
Major tenants	US Government, NZ Post Thai Airways, Citibank
Passing net rental income p.a.	$2,769,203
Purchase price	$30,500,000
Yield on purchase price	9.08%
WALT at acquisition	4.4 years

Citibank Centre, 23 Customs Street East, Auckland

Porirua Mega Centre

Porirua Mega Centre

Stage 1 of the Porirua Mega Centre in Porirua, Wellington, comprises a 10-unit bulk retail property that forms part of the larger bulk retail precinct adjacent to the Porirua town centre and North City Shopping Centre.

The property is being acquired in two stages. The first payment of $12,700,000, covers the existing buildings. A further payment of $1,500,000 is due on completion of the new Denny's restaurant - towards the end of 2005.

The property occupies a prominent corner position in the established bulk retail area of Porirua City that also features a number of other well known destination tenants.

Net lettable area	6,132 sqm
Current occupancy	100%
Major tenants	Rebel Sports, L V Martin, Bond & Bond, Back to Bed
Passing net rental income p.a.	$1,177,446
Purchase price	$14,200,000
Yield on purchase price[1]	9.27%
WALT at acquisition[2]	5.4 years

[1] Yield based on payment of $12,700,000.

[2] Assumes completion of Denny's restaurant in new 10-year lease.

CASE STUDIES – ADDING VALUE

ACTIVE BUILDING AND TENANT MANAGEMENT:

1 Allens Road, East Tamaki

Before

- This property is a well-located suburban office building, occupying a prominent corner position.
- The lease to previous tenant National Bank expired in November 2004.
- Although well located, the building was tired with potential that had not been realised by the previous occupier.

Asset valuation as at 31 March 2004: $1,800,000.

After

- The interior and exterior including landscaping was upgraded.
- New internal stairwell created between the two office levels.
- Total capital expenditure of $360,000 generates a return on expenditure of 38%.
- New eight-year lease entered into with Bayleys Real Estate.
- Asset valuation increase of 33% to $2,400,000, with a weighted average lease term of 6.2 years.
- The building is now well positioned for the foreseeable future.

1 Allens Road, East Tamaki

ACTIVE BUILDING AND TENANT MANAGEMENT:

2 and 12 Allens Road and 106 Springs Road, East Tamaki

Before

- Discussions with the sitting tenant at 2 Allens Road identified the need for additional space to house a sister company.
- The adjoining building – 106 Springs Road – would become available when the current lease expired on 1 April 2005.
- The Springs Road building occupies a prominent, but inside, position on a main arterial road in East Tamaki.
- The building provides functional office and warehouse space, but was becoming dated.
- Negotiations were undertaken with the view of upgrading the building and entering into a new lease.

Asset valuation as at 31 March 2004: $5,800,000.

After

- Full interior and exterior upgrade to 106 Spring Road, including the installation of a new front façade and redesigned entrance to meet the specific requirements of the tenant. Total capital expenditure is in the order of $1,600,000.
- Building works are due for completion in June 2005.
- In conjunction with this, a similar upgrade is being embarked on for the adjoining building at 2 Allens Road. Completion is due for August 2005.
- A new nine-year lease with an international tenant has now been signed on both buildings.
- Asset valuation, assuming completion of building works to both buildings has increased to $8,550,000.
- With a weighted average lease term of nine years, both buildings will provide a secure return from strong international tenants for the foreseeable future.

106 Springs Road, East Tamaki

CORPORATE GOVERNANCE

THE TRUST

ING Property Trust is a Unit Trust established under the Unit Trust Act 1960 by a Trust Deed dated 30 October 2002, which was amended 30 September 2004.

ING Property Trust units are listed on the New Zealand Stock Exchange.

THE TRUSTEE

The Trustee of the Trust is The New Zealand Guardian Trust Company Limited ("Guardian Trust").

Guardian Trust is authorised to act as a trustee company under the Trustee Companies Act 1967, and acts as trustee for unit trusts under the Unit Trusts Act 1960.

The role of the Trustee is to supervise the administration and management of the Trust in accordance with the Trust Deed, and to ensure that the Manager complies with its duties and responsibilities under the Trust Deed. Where the approval of the Trustee is required, the Trustee is to have regard to the interests of unitholders and has the explicit obligation to veto any proposal that it does not consider to be in the interests of unitholders. The Trustee must also be satisfied that any proposal involves an investment of a type authorised under the Trust Deed and within the investment policies of the Trust.

The Trustee holds title to the assets of the Trust in trust for the unitholders, upon and subject to the terms and conditions of the Trust Deed. The Trustee also reviews all investment and divestment proposals recommended to it by the Manager.

THE MANAGER

The Manager of the Trust is ING Property Trust Management Limited, a company owned 50% by ING (NZ) Limited and 50% by Symphony Investments Limited.

The Manager has responsibility for the management of the Trust in accordance with the Trust Deed.

The Manager provides professional management expertise in selecting assets and managing them on behalf of unitholders. The Manager's role and duties extend to the overall strategic direction of the Trust, portfolio management, selection and review, negotiation of acquisition and disposal of assets, treasury and funding management, property management, ensuring adherence to financial and reporting requirements, and liaison with unitholders.

The day-to-day management of the properties in the portfolio is carried out by ING (NZ) Limited, which provides tenancy management, account management, building management, risk management and property investigation services in respect of the Trust's properties pursuant to a Property Management Agreement with the Manager.

The Board of Directors of the Manager

The Board of Directors of the Manager (the "Board") has overall responsibility for the management of the Trust.

The Board reviews all aspects of portfolio, asset and financial management strategy, formulates and reviews compliance programmes, and approves transactions and capital expenditures. The Trust's performance against budget is monitored by the Board, as is the performance of the responsibilities delegated by the Board to various parties.

The Board currently comprises six members, all of whom bring a significant level of expertise to the Trust. Their experience includes property investment, management and development, finance, law and corporate management. Three of these directors are considered by the Board to be independent under the NZSX listing rules.

Brief profiles of the Directors of the Manager are set out below.

Michael Smith, Independent Chairman

Mr Smith was employed by Lion Nathan Limited for 29 years, and during that time held a number of senior executive positions with the Lion Nathan Group, including those of Finance Director and Executive Director. Mr Smith is a director of a number of public and private companies including Auckland International Airport Limited, Fisher & Paykel Healthcare Corporation Limited, Hauraki Private Equity No. 1 Fund, Hauraki Private Equity No. 2 Fund, BrainZ Instruments Limited (Chairman) and Tru-Test Corporation Limited (Chairman). Mr Smith is also the Chairman of The Lion Foundation. Mr Smith's previous directorships include Lion Nathan Limited and Fonterra Co-Operative Group Limited.

Andrew Evans, Managing Director

Mr Evans is a registered valuer with over 20 years' experience in the property industry, principally with multi-disciplinary property companies in New Zealand and the United Kingdom. A large part of Mr Evans' career has covered the provision of property-based advice over the spread of property asset types, including retail investments, commercial offices and industrial investments.

Prior to his role as Managing Director of the Trust, Mr Evans was responsible for direct property mandates at ING (NZ) Limited, where he has held the position of General Manager Property for five years. In addition, he is the immediate past president of the Property Council of New Zealand and a foundation member of the New Zealand Property Institute.

Peter Brook, Independent Director

Mr Brook has 20 years' experience in the investment banking industry, during which time he held the positions of Head of Research, Head of Investment Banking and Managing Director of Merrill Lynch (New Zealand) Limited. Mr Brook retired from Merrill Lynch to pursue his own business and consultancy activities at the end of 2000. He is also a Trustee of the Melanesian Mission Trust Board, a member of the Institute of Finance Professionals New Zealand Inc. and a director of Trust Investments Management Limited.

The Hon Philip Burdon

Mr Burdon holds positions on the boards of several New Zealand and Australian corporates. These include chairman of Superannuation Investments Limited and MFL Mutual Fund Limited, deputy chairman of BIL International Limited, and director of the IAG New Zealand Limited, ANZCO Limited, OPUS International Consultants Limited, Sealord Group Limited, Meadow Mushrooms Limited and Victory Lime 2000 Limited.

Elected to Parliament as the National Party member for his local electorate in 1981, Mr Burdon was appointed to the New Zealand Cabinet in 1990, and held a number of senior Ministerial portfolios including Minister of Commerce, Minister for State-Owned Enterprises and Minister for Trade Negotiations, until his retirement from politics in 1996. Mr Burdon is also a past chairman of the Asia 2000 Foundation and the APEC Business Advisory Council, and is a member of the International Advisory Board for Hong Kong Policy Research Institute.

David McClatchy

Mr McClatchy is chief investment officer and deputy chief executive officer of ING Investment Management Limited (an Australian company). Mr McClatchy has 18 years' experience investing in property, fixed income and equities in Australia, New Zealand and the United Kingdom. In his current positions, Mr McClatchy has responsibility for all investment management activities across ING Investment Management Limited's domestic and international asset classes. He has been with the ING Group for the past 11 years managing equity and fixed income mandates and until recently was chief investment officer of ING (NZ) Limited. Mr McClatchy remains a director of ING (NZ) Limited. Prior to joining the ING Group, Mr McClatchy held various roles in the banking and securities industry in New Zealand and the United Kingdom. Mr McClatchy is a member of the New Zealand Institute of Chartered Accountants and of New Zealand's Society of Investment Professionals.

Trevor Scott, Independent Director

Mr Scott is a Dunedin-based Chartered Accountant in public practice and Chairman of Arthur Barnett Limited, Pacific Edge Biotechnology Limited, Mercy Hospital Dunedin Limited and Blis Technologies Limited. In addition, Mr Scott is a director of Hirequip New Zealand Limited, The New Zealand Seed Fund, Neuron Pharmaceuticals Limited, Scott Technology Limited and several other private companies. Mr Scott is also a councillor of the University of Otago.

CORPORATE GOVERNANCE PHILOSOPHY

Ultimate responsibility for corporate governance of the Trust resides with the Board of Directors of the Manager. The Board sees strong corporate governance and stewardship as fundamental to the strong performance of the Trust and, accordingly, their commitment is to the highest standards of business behaviour and accountability.

Outlined below are the main corporate governance practices in place throughout the year, which in the Board's opinion materially comply with the NZX Corporate Governance Best Practice Code and the Securities Commission's Principles on Corporate Governance, unless otherwise stated.

ETHICAL STANDARDS

The Board has adopted a Code of Ethics which sets out the ethical and behavioural standards expected of the Manager's Directors, officers and employees. The purpose of the Code of Ethics is to uphold the highest ethical standards, acting in good faith and in the best interests of unitholders at all times. The Code of Ethics outlines the Manager's policies in respect of conflicts of interest, fair dealing, compliance with applicable laws and regulations, dealing with Trust assets and use of Trust information. Procedures for dealing with breaches of these policies are contained in the Code of Ethics, which forms part of every employee's conditions of employment with the Manager.

COMPOSITION OF THE BOARD

The Manager is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Trust and returns to unitholders. The Board currently comprises one Executive Director, four Non-Executive Directors and the Chairman. The members of the Board are listed under "The Board of Directors of the Manager" on pages 18 and 19, together with their brief resumés.

The Manager recognises that Independent Directors are important in assuring unitholders that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance. Michael Smith, Peter Brook and Trevor Scott are considered by the Board to be independent under the NZSX Listing Rules. Andrew Evans, the Hon Philip Burdon and David McClatchy are considered not to be independent.

BOARD COMMITTEES

Board committees assist with the execution of the Board's responsibilities to unitholders. Each committee operates under a charter agreed by the Board, setting out its role, responsibilities, authority, relationship with the Board, reporting requirements, composition, structure and membership.

The Manager does not maintain a remuneration committee as the Manager pays the remuneration of the Directors and the senior executives, rather than the Trust. The Manager does have the right under the Trust Deed to be reimbursed for fees payable to Directors up to a specified limit each year, however this limit cannot be increased without the approval of unitholders. A nomination committee is not deemed necessary as Directors are appointed in accordance with the Manager's constitution.

THE AUDIT COMMITTEE

The Board has established an Audit Committee which is responsible for overseeing the financial and accounting activities of the Trust. The minimum number of members on the Audit Committee is three. All members must be Directors, the majority must be Independent Directors and at least one member must have an accounting or financial background. The members of the Audit Committee are Trevor Scott (Chairman), Michael Smith and Peter Brook.

The Audit Committee assists the Board in fulfilling its corporate governance and disclosure responsibilities in relation to financial reporting and internal and external audit, and is specifically responsible for:

- the appointment of the external auditor;
- supervising and monitoring external audit requirements;
- reviewing annual and semi-annual financial statements prior to submission for Board approvals; and
- reviewing the performance and independence of the external auditor.

In addition to the formal charter under which the Audit Committee operates, the Audit Committee has also developed a charter of audit independence, which sets out the procedures that need to be followed to ensure the independence of the Trust's external auditor.

BOARD AND DIRECTOR PERFORMANCE

The Board has a formal annual performance self-assessment, carried out under the direction of the Chairman. The self-assessment process involves reviewing the performance of the Board and its committees together with setting forth the goals and objectives of the Trust for the upcoming year.

Assessment of individual Directors' performance is a process determined by the Chairman, taking into account attendance, contribution and experience of each individual Director concerned.

UNITHOLDER RELATIONS

The Board aims to ensure that unitholders are informed of all information necessary to assess the Trust's performance. It does so through a communication strategy which includes:

- periodic and continuous disclosure to NZX;
- information provided to analysts and media;
- annual and half-yearly reports distributed to all unitholders;
- the annual unitholders' meeting and any other meetings called to obtain approval for Manager actions as appropriate;
- notices and explanatory memoranda for annual and special meetings;
- Trust newsletters; and
- the Trust's website.

Unitholders may raise matters for discussion at annual and special meetings and have the opportunity to question Directors and the external auditor at such meetings.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2005	Note	Group 2005 ($000s)	Trust 2005 ($000s)	Group 2004 ($000s)	Trust 2004 ($000s)
Gross property income from rentals		33,036	-	15,075	-
Gross property income from expense recoveries		5,439	-	2,360	-
Property expenses		(8,173)	-	(3,312)	-
Net property income		**30,302**	**-**	**14,123**	**-**
Fees and interest charged to subsidiaries	5	-	8,719	-	4,957
Interest received		84	21	43	43
Gains on disposal of properties (net of disposal costs)		4,243	-	4,792	-
Total income		**34,629**	**8,740**	**18,958**	**5,000**
Audit fees		85	85	81	81
Bad debts		240	-	-	-
Doubtful debts provision		(238)	-	245	-
Management fees	15	2,707	2,707	1,104	1,104
Trustee fees	17	155	155	81	81
Interest expense		5,391	5,391	3,260	3,260
Other trust expenses		681	683	430	429
Total expenses		**9,021**	**9,021**	**5,201**	**4,955**
Operating surplus before taxation		**25,608**	**(281)**	**13,757**	**45**
Taxation	9	6,236	7	2,808	15
Surplus after taxation		**19,372**	**(288)**	**10,949**	**30**
Unrealised net change in value of investment properties	3	13,126	-	2,787	-
Surplus for the period		**32,498**	**(288)**	**13,736**	**30**

STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 March 2005	Note	Group 2005 ($000s)	Trust 2005 ($000s)	Group 2004 ($000s)	Trust 2004 ($000s)
Equity at the start of the period		**246,735**	**231,484**	**32,850**	**31,305**
Equity issued as consideration for the purchase of properties (less cost of issue)	2	3,045	3,045	182,000	182,000
Equity issued for cash	2	-	-	23,329	23,329
Surplus for the period		32,498	(288)	13,736	30
Dividends to unitholders		(20,103)	(20,103)	(5,180)	(5,180)
Equity at the end of the period		**262,175**	**214,138**	**246,735**	**231,484**

The notes form part of and are to be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2005	Note	Group 2005 ($000s)	Trust 2005 ($000s)	Group 2004 ($000s)	Trust 2004 ($000s)
Equity					
Units on issue	**2**	239,917	239,917	236,872	236,872
Revaluation reserve	**3**	16,313	-	3,187	-
Retained earnings/(deficit)	**4**	5,945	(25,779)	6,676	(5,388)
TOTAL UNITHOLDERS FUNDS		**262,175**	**214,138**	**246,735**	**231,484**
Represented by:					
Assets					
Current assets					
Cash and deposits		2,940	43	751	23
Accounts receivable		349	-	221	-
Properties intended for sale	**6**	27,544	-	86,412	-
Taxation receivable		-	4,296	418	3,204
Other current assets		1,463	1,412	-	-
Total current assets		**32,296**	**5,751**	**87,802**	**3,227**
Advances to subsidiaries	**5**	-	298,743	-	290,365
Investment properties	**6**	323,747	-	221,783	-
Total assets		**356,043**	**304,494**	**309,585**	**293,592**
Current liabilities					
Accounts payable and accruals	**7**	3,132	1,441	1,724	982
Taxation payable		1,821	-	-	-
Total current liabilities		**4,953**	**1,441**	**1,724**	**982**
Non current liabilities	**8**	88,915	88,915	61,126	61,126
Total liabilities		**93,868**	**90,356**	**62,850**	**62,108**
NET ASSETS		**262,175**	**214,138**	**246,735**	**231,484**

For and on behalf of the Manager
ING Property Trust Management Limited

Michael Smith
Director

Peter Brook
Director

Date: 20 June 2005

The notes form part of and are to be read in conjunction with these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March 2005	Note	Group 2005 ($000s)	Trust 2005 ($000s)	Group 2004 ($000s)	Trust 2004 ($000s)
Cash flows from operating activities					
Cash was provided from:					
Net property income		30,510	-	12,464	-
Interest received		67	5	43	43
Cash was applied to:					
Management and Trustee fees		(3,113)	(3,113)	(737)	(737)
Interest expense		(5,447)	(5,447)	(2,814)	(2,814)
Taxation		(3,988)	(3,966)	(3,229)	(3,220)
Other Trust expenses		(209)	(337)	(511)	(590)
Net cash flows provided from (applied to) operating activities	**11**	**17,820**	**(12,858)**	**5,216**	**(7,318)**
Cash flows from investing activities					
Cash was provided from:					
Sale of properties		41,552	-	51,027	-
Cash was applied to:					
Acquisition costs		(1,080)	(1,069)	-	-
Capital additions		(2,564)	-	(664)	-
Purchase of properties		(61,221)	-	(109,616)	-
Net cash flows applied to investing activities		**(23,313)**	**(1,069)**	**(59,253)**	**-**
Cash flows from financing activities					
Cash was provided from:					
Debt drawdown		86,486	86,486	111,150	111,150
Issue of units		-	-	24,200	24,200
Advances from subsidiaries		-	6,265	-	-
Cash was applied to:					
Advances to subsidiaries		-	-	-	(46,618)
Cost of issuing units		(5)	(5)	(871)	(871)
Distributions		(20,103)	(20,103)	(5,180)	(5,180)
Debt repaid		(58,696)	(58,696)	(75,333)	(75,333)
Net cash flows from financing activities		**7,682**	**13,947**	**53,966**	**7,348**
Net increase / (decrease) in cash		2,189	20	(71)	30
Cash at beginning of year		751	23	822	(7)
Cash at end of year		**2,940**	**43**	**751**	**23**

The notes form part of and are to be read in conjunction with these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Statement of accounting policies

The following accounting policies have been adopted in the preparation of these financial statements:

(a) Reporting entity

ING Property Trust is a unit trust established under the Unit Trusts Act 1960 by a Trust Deed dated 30 October 2002 as amended by a Deed of Variation and Reinstatement dated 30 September 2004. ING Property Trust is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements are those of ING Property Trust and its subsidiaries and have been prepared in accordance with the Financial Reporting Act 1993, the Unit Trust Act 1960 and the Trust Deed.

(b) Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Group and Trust, modified to include revaluation of the investment properties.

(c) Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(i) Consolidation of group financial statements

The group financial statements include those of the parent Trust and its controlled subsidiaries accounted for using the purchase method.

The results of the subsidiaries are included in the group statement of financial position from the date of acquisition which is the date the Trust became entitled to income from the subsidiaries acquired. All significant intercompany transactions are eliminated on consolidation.

The Trust's subsidiaries are:

- ING Property Trust No 1 Limited
- ING Property Trust No 4 Limited
- ING Property Trust Holdings Limited

(ii) Property

Investment properties are initially recorded at cost (including acquisition costs, if any). In each subsequent year the properties are stated at net current value (current market value as determined by an independent registered valuer, less an allowance for disposal costs, if any). Any unrealised increases or decreases in value of the properties are charged against income in the period they are identified.

The vendors of the GE Capital Building and Ericsson House have undertaken to reimburse the Trust for disposal costs associated with the sale of the properties to a maximum of 1% of the purchase price paid, for a period of five years from December 2002.

Properties intended for sale are classified under current assets. They are stated at the lower of cost or net realisable value.

Titles to all properties are restricted by mortgages in favour of the financier.

(iii) Depreciation

No depreciation on the investment properties has been charged in the group financial statements as the annual valuation takes into account the state of each investment property as at balance date. In calculating taxation, the allowable rates for depreciation have been used.

(iv) Recognition of income

Lease agreements with tenants provide for regular monthly payments of rental and outgoings. All income is recognised as earned.

Operating expenses borne by tenants are offset by recoveries from tenants. Operating expenses not borne by tenants are offset by rental income.

Gains or losses on the sale of properties intended for sale are recognised in the period in which settlement takes place. No adjustments are made at balance date for properties intended for sale that are subject to unconditional sales contracts.

NOTES TO FINANCIAL STATEMENTS *continued*

(v) Taxation
The income tax expense charged to the statement of financial performance includes both the current period's taxation provision and the income tax effect of timing differences calculated using the liability method. Tax effect accounting is applied on a partial basis to those timing differences expected to reverse in the foreseeable future. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation. No deferred tax liability is recognised in respect of tax depreciation timing differences as it is the Manager's intention to hold the investment properties indefinitely. Should certain of the properties be sold there may be tax payable on any depreciation recovered or profit made on sale.

(vi) Provision for dividend
A provision for dividends is recorded in the financial statements when they are declared. Dividends declared after balance date are not accrued.

(vii) Accounts receivable
Accounts receivable have been valued at estimated realisable value after making provision for doubtful debts.

(viii) Statement of cash flows
The statement of cash flows is prepared on a GST exclusive basis, which is consistent with the statement of financial performance.

(ix) Definitions of the terms used in the statement of cash flows
Cash includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash, used by the Group and Trust in its day to day cash management.

Investing activities are those activities relating to the acquisition and disposal of investment property and other non-current assets.

Financing activities are those activities relating to changes in the equity and debt capital structure of the Trust and those activities relating to the cost of servicing the Trust's equity capital, including dividend payments.

Operating activities include all transactions and other events that are not investing or financing activities.

(x) Investments in subsidiaries
Investments in subsidiaries are valued at cost.

(xi) Financial instruments
Financial instruments carried on the statement of financial position include cash and deposits, accounts receivable, accounts payable and accruals, and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments with off-balance sheet risk are entered into for the primary purpose of reducing exposure to interest rate fluctuations. While financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items hedged.

Interest rate swaps are entered into to manage interest rate exposure. For interest rate swaps, the net differential paid or received is recognised as a component of interest in the statement of financial performance.

(xii) Goods and services tax (GST)
The statement of financial performance has been prepared so that all components are stated exclusive of GST.

(d) Changes in accounting policies
There have been no changes in the above accounting policies during the period.

NOTES TO FINANCIAL STATEMENTS *continued*

2. Units

	2005	2005	2004	2004
	Group & Trust		Group & Trust	
	No of Units	$	No of Units	$
Opening balance 1 April	237,743,000	236,871,908	31,543,000	31,543,000
Issue of units as consideration for part payment of purchase of Porirua Mega Centre	2,689,381	3,050,000	-	-
Issue of units for cash to purchase Liggins Institute	-	-	4,200,000	4,200,000
Issue of units as consideration for part payment of purchase of MFL & SIL properties	-	-	182,000,000	182,000,000
Issue of units for cash to purchase 107 Carlton Gore Rd	-	-	20,000,000	20,000,000
Issue cost of units	-	(4,591)	-	(871,092)
Closing balance as at 31 March	240,432,381	239,917,317	237,743,000	236,871,908

All units carry equal weight in respect of voting rights, distribution rights and rights on winding up of the Trust.

3. Revaluation reserve

	2005 Group	2005 Trust	2004 Group	2004 Trust
	($000s)	($000s)	($000s)	($000s)
Opening balance 1 April	3,187	-	400	-
Change in value of investments as reflected in the statement of financial performance.	13,126	-	2,787	-
Closing balance as at 31 March	16,313	-	3,187	-

4. Retained earnings

	2005 Group	2005 Trust	2004 Group	2004 Trust
	($000s)	($000s)	($000s)	($000s)
Opening balance 1 April	6,676	(5,388)	907	(238)
Net surplus after taxation	19,372	(288)	10,949	30
Distributions to unitholders	(20,103)	(20,103)	(5,180)	(5,180)
Closing balance as at 31 March	5,945	(25,779)	6,676	(5,388)

5. Advances to subsidiaries

Advances have been made by ING Property Trust to its subsidiaries to finance the purchases of investment properties and to fund working capital requirements when necessary.

The subsidiaries have returned money to ING Property Trust upon the settlement of properties intended for sale and at other times when working capital requirements allow.

The Trust re-charges expenses, including management fees and interest, to the subsidiaries.

NOTES TO FINANCIAL STATEMENTS *continued*

6. Properties

	Valuer	2005 Group	2005 Trust	2004 Group	2004 Trust
		($000s)	($000s)	($000s)	($000s)
Investment properties					
GE Capital Building, 39 Market Place,	DTZ	34,503	-	36,000	-
Auckland (Leasehold)					-
Ericsson House, 105 Carlton Gore Rd,	DTZ	21,900	-	21,350	-
Newmarket					-
Liggins Institute Building	CB Richard Ellis	8,167	-	7,970	-
1 and 5 Allens Rd, East Tamaki	DTZ	4,326	-	3,544	-
2 and 12 Allens Rd, and 106 Springs Rd,	DTZ	7,553	-	5,741	-
East Tamaki					-
12-20 Bell Ave, Mt Wellington	DTZ	22,530	-	20,314	-
39 Cavendish Dr, Manukau City	DTZ	12,375	-	11,435	-
56 Cawley St, Ellerslie	DTZ	10,222	-	9,999	-
302 and 308 Great South Rd, Greenlane	DTZ	7,045	-	6,815	-
626 and 632 Great South Rd, Penrose	DTZ	13,009	-	12,128	-
706 Great South Rd, Penrose	CB Richard Ellis	2,524	-	2,703	-
960 Great South Rd, Penrose	CB Richard Ellis	3,465	-	3,128	-
17 Mayo Rd, Wiri	DTZ	9,900	-	9,603	-
306 Neilson St, Onehunga	CB Richard Ellis	4,053	-	3,416	-
25 Nugent St, Grafton	CB Richard Ellis	4,877	-	3,911	-
Ti Rakau Dr, Cnr East Tamaki Rd, Botany	DTZ	5,792	-	5,029	-
65 Upper Queen St, Auckland	DTZ	5,904	-	5,594	-
Cnr William Pickering Dr & Rothwell Ave, Albany	CB Richard Ellis	5,445	-	5,485	-
Annie Huggan Gr, Wellington	CB Richard Ellis	8,455	-	7,722	-
180-202 Hutt Rd, Kaiwharawhara	CB Richard Ellis	7,722	-	7,128	-
Stewart Dawsons Cnr, Wellington	DTZ	11,682	-	11,187	-
46 Waring Taylor St, Wellington	CB Richard Ellis	22,046	-	21,581	-
107 Carlton Gore Rd, Newmarket	DTZ	22,473	-	-	-
Citibank Centre, 23 Customs St East, Auckland	DTZ	30,393	-	-	-
Units 1,2 and 3, 477 Great Sth Rd, Penrose	DTZ	4,277	-	-	-
269 and 369 Khyber Pass Rd, Newmarket	DTZ	8,160	-	-	-
127 Newton Rd, Newton	DTZ	2,822	-	-	
42 Sir William Dr, East Tamaki	DTZ	4,287	-	-	
27 Zelanian Dr, East Tamaki	DTZ	5,267	-	-	
Porirua Mega Centre, Porirua		12,573	-		
Net current value as at 31 March		323,747	-	221,783	-

All investment properties, with the exception of Porirua Mega Centre, were valued as at 31 March 2005 (2004, 31 March 2004). The Porirua Mega Centre was valued at the cost of acquisition less a provision for disposal costs.

During the period the Group purchased three properties for $64,445,860 (2004, 72 properties, $290,645,885). A further six properties were transferred from properties intended for sale on 31 December 2004 for a total of $25,215,000 (2004, nil properties, nil). The transferred properties were revalued by DTZ New Zealand Limited prior to the transfer date.

A provision for disposal costs of $2,700,445 (2004, $1,661,900) has been deducted in the calculation of net current value.

Properties intended for sale
There were six properties intended for sale at balance date with a value of $27,544,271 (2004, 26 properties, $86,411,754).

During the period the Group unconditionally sold nine properties for $26,485,000 (2004, 25 properties, $66,093,731). The Group settled the sales of 14 properties (inclusive of the nine noted above) during the period for $42,049,208 (2004, 20 properties, $50,529,523). Subsequent to balance date the Trust has entered into a further unconditional contract for the sale of one property for $3,000,000.

All properties intended for sale are valued at the lower of cost or net realisable value.

NOTES TO FINANCIAL STATEMENTS *continued*

7. Accounts payable and accruals

	2005 Group	2005 Trust	2004 Group	2004 Trust
	($000s)	($000s)	($000s)	($000s)
Interest accrued on non current liabilities	515	515	465	465
Manager's fee accrued	201	201	468	468
Deposits received on property disposals	-	-	497	-
Other creditors and accruals	2,416	725	294	49
Closing balance as at 31 March	3,132	1,441	1,724	982

8. Non current liabilities

	2005 Group	2005 Trust	2004 Group	2004 Trust
	($000s)	($000s)	($000s)	($000s)
ANZ National Bank Limited	88,915	88,915	61,126	61,126
Total term liabilities	88,915	88,915	61,126	61,126
Payment due within 12 months reclassified to current liabilities	-	-	-	-
Closing balance as at 31 March	88,915	88,915	61,126	61,126

The Group and Trust has a revolving credit facility with the ANZ National Bank Limited of $140,000,000 secured by way of mortgage over the properties of the Group. The effective interest rate on the borrowings as at 31 March 2005 was 6.29% per annum (2004, 6.05%). The facility has a term of three years and expires on 10 December 2006.

9. Income tax

	2005 Group	2005 Trust	2004 Group	2004 Trust
	($000s)	($000s)	($000s)	($000s)
Operating surplus before taxation	25,608	(281)	13,757	45
Deduct depreciation	(10,609)	-	(5,247)	-
Add non-deductible items	308	302	-	-
Add taxable gain on transfer of properties	3,589	-	-	-
Taxable income	18,896	21	8,510	45
Taxation at 33%	6,236	7	2,808	15
The taxation charge is made up as follows:				
Current taxation	6,243	7	2,808	15
Deferred taxation	(7)	-	-	-

As explained in the Statement of Accounting Policies, tax depreciation is claimed but no deferred liability is recognised in respect of depreciation recoverable on investment properties as it is not expected to reverse in the foreseeable future. The total tax liability that would arise if all investment properties were sold at current carrying values would be $5,609,653 (2004, $2,108,725).

NOTES TO FINANCIAL STATEMENTS *continued*

10. Imputation credit account

	2005 Group	2005 Trust	2004 Group	2004 Trust
	($000s)	($000s)	($000s)	($000s)
Opening balance 1 April	2,310	2,310	9	9
Prior period adjustment	11	11	-	-
Taxation paid during the year	3,988	3,988	3,229	3,229
Imputation credits on distributions to unit holders	(6,299)	(6,299)	(928)	(928)
Closing balance as at 31 March	10	10	2,310	2,310

11. Reconciliation of surplus after taxation with cash flows from operating activities

	2005 Group	2005 Trust	2004 Group	2004 Trust
	($000s)	($000s)	($000s)	($000s)
Net cash flows provided from / (applied to) operating activities	17,820	(12,858)	5,216	(7,318)
Movements in:				
Accounts payable and accruals	(1,099)	87	(1,206)	(1,052)
Rent in advance	-	-	151	-
Taxation payable	(2,239)	3,975	421	3,206
Accounts receivable and prepayments	(108)	(211)	459	237
Unrealised net change in value of investment properties	13,126	-	2,787	-
Gains on disposal of properties *	4,998	-	5,908	-
Advances to subsidiaries	-	8,719	-	4,957
Surplus for the period	**32,498**	**(288)**	**13,736**	**30**

* Gross proceeds from sales of properties are included as an investing activity within the cash flow, and disposal costs of $755,000 have been included within operating cash flows.

NOTES TO FINANCIAL STATEMENTS *continued*

12. Financial instruments

The following financial assets and liabilities which potentially subject the Group and Trust to financial risk have been recognised in the financial statements:

	2005 Group	2005 Trust	2004 Group	2004 Trust
	As at 31 March 2005 ($000s)	As at 31 March 2005 ($000s)	As at 31 March 2004 ($000s)	As at 31 March 2004 ($000s)
Cash and deposits	2,940	43	751	23
Accounts receivable	349	-	221	-
Revolving credit facility	(88,915)	(88,915)	(61,126)	(61,126)
Accounts payable and accruals	(3,132)	(1,441)	(1,724)	(982)
Net carrying amount of recognised financial instruments	(88,758)	(90,313)	(61,878)	(62,085)

Credit risk

In the normal course of business the Group and Trust incurs credit risk from debtors. The Group and Trust places its cash deposits with the ANZ National Bank Limited.

Currency risk

There are no amounts receivable or payable in foreign currencies.

Interest rate risk

The Group and Trust's revolving credit facility is subject to market risk in the event of interest rate changes. To manage this risk, the Group and Trust has implemented a laddered hedging strategy by entering into interest rate swap contracts that have a range of maturities, intended to match the Group's tenancy expiries. The contract details at balance date were:

Maturing	2005	Effective Interest Rate	2004	Effective Interest Rate
2005	-	-	$25,000,000	5.04%
2006	$42,000,000	6.05%	$10,000,000	5.97%
2007	$10,000,000	6.11%	$10,000,000	6.11%
2008	$10,000,000	6.19%	$10,000,000	6.19%
2009	$10,000,000	6.53%	-	-

Credit facilities

The Group and Trust has a revolving credit facility with ANZ National Bank Limited of $140,000,000. As at 31 March 2005, $88,914,932 (2004, $61,125,770) had been drawn-down at an effective interest rate of 6.29% (2004, 6.05%).

Fair value

The carrying value of cash, accounts receivable, accounts payable and accruals is equivalent to their fair value.

The fair value of interest rate swaps at balance date is a gain of $582,858 (2004, ($739,652)).

The fair value of the bank loan at balance date is $89,429,845 (2004, $61,597,941).

NOTES TO FINANCIAL STATEMENTS *continued*

13. Comparison to prospective financial statements

ING Property Trust issued an Explanatory Memorandum dated 12 November 2003, including prospective financial statements for the Trust, for the period ended 31 March 2005. A comparison of actual and projected results for the period ended 31 March 2005 is set out below:

Statement of Financial Performance	Actual	Explanatory Memorandum
	Group 2005 ($000s)	Group 2005 ($000s)
Net property income	**30,302**	**35,744**
Gains on disposal of properties (net of disposal costs)	4,243	-
Total expenses (net of interest received)	**8,937**	**10,969**
Operating surplus before taxation	**25,608**	**24,775**
Taxation	6,236	4,708
Surplus after taxation	**19,372**	**20,067**
Unrealised net change in value of investment properties	13,126	234
Surplus for the period	**32,498**	**20,301**
Units on issue	240,432	232,743
Earnings per unit (cents) - before revaluations and taxation	10.76	10.70
Net tangible assets per unit (cents)	109.04	102.83
Debt to gross assets	25.0%	35.3%

The following distributions have either been made or were subsequently declared for the period:

	Actual	Explanatory Memorandum
	Group 2005	Group 2005
Cash distribution (cents per unit) 1	8.14	8.67
Imputation credits (cents per unit)	2.57	2.03
Gross distribution (cents per unit)	**10.71**	**10.70**
% Imputed	64.1%	38.6%
Market value of units (cents)	$ 1.13	$ 1.00

Statement of Movements in Equity	Actual	Explanatory Memorandum
	Group 2005 ($000s)	Group 2005 ($000s)
Equity at the start of the period	**246,735**	
Equity issued as consideration for the purchase of properties	3,045	
Equity issued for cash	-	
Surplus for the period	32,498	
Dividends to unit holders	(20,103)	
Equity at the end of the period	**262,175**	**239,324**

[1] Cash distribution before deduction of any withholding tax as may be required by legislation

NOTES TO FINANCIAL STATEMENTS *continued*

13. Comparison to projected financial statements *(continued)*

Statement of Financial Position	Actual	Explanatory Memorandum
	Group 2005 ($000s)	Group 2005 ($000s)
Assets		
Current assets	32,296	30
Investment properties	323,747	373,405
TOTAL ASSETS	**356,043**	**373,435**
Current liabilities		
Other current liabilities	4,953	2,111
Total current liabilities	**4,953**	**2,111**
Non current liabilities	**88,915**	**132,000**
Total liabilities	**93,868**	**134,111**
Equity	**262,175**	**239,324**
TOTAL LIABILITIES AND EQUITY	**356,043**	**373,435**

The forecast financial statements were based on a series of assumptions. The Explanatory Memorandum did not include the impact of any property sales during either of the 2004 or 2005 financial years. The Trust has sold and settled 34 properties over these two years, resulting in lower net property income whilst gains on disposals have been recorded. In addition, the Explanatory Memorandum included property acquisitions of $14,000,000 in the 2005 financial year; actual purchases were $64,445,860. This further distorts any net property income comparisons. The large number of property sales has also allowed for greater debt repayments and resulted in lower interest costs and lower total assets. Management fees are higher than projected as no allowance was made in the Explanatory Memorandum for incentive fees, which totalled $972,057 in the 2005 financial year.

14. Principal business activity and segment information

The principal business activity of the Trust and its subsidairies is to invest primarily in New Zealand realty. All property investments are currently located in Auckland, Wellington and Christchurch.

NOTES TO FINANCIAL STATEMENTS *continued*

15. Transactions with related parties

The Group and Trust are managed by ING Property Trust Management Limited (ING PTML). ING PTML is owned equally by ING (NZ) Limited and Symphony Investments Limited.

During the period the Group and Trust incurred manager's fees and incentive fees of $2,706,969 (2004, $1,104,037). Included in this total was the base manager's fee $1,764,912 (2004, $675,264) and incentive fee for the period $942,057 (2004, $428,773).

The calculation of management fees and incentive fees is stipulated in the Trust Deed. Management fees have been charged at either 0.5% (from 1 April 2004 to 30 November 2004) or 0.6% (from 1 December 2004 to 31 March 2005) of the gross value of the Trust Fund. Incentive fees are payable when the unitholder returns exceed a 10% threshold in the relevant quarter. The incentive fee is 10% of the amount of the outperformance. When outperformance exceeds 15%, the excess is carried forward to the next quarter. Where performance does not exceed the 10% threshold, a deficit is carried forward to the next quarter.

The total amount of fees outstanding as at 31 March 2005 was $178,918 (2004, $467,975).

Units held in the Trust by ING Property Trust Management Limited were nil as at 31 March 2005 (2004, nil).

Properties owned by the Group have been managed, on normal commercial terms by ING (NZ) Limited. Property management fees charged are included in property expenses. The amount paid to ING (NZ) Limited and not recovered from tenants was $250,256 (2004, $102,931)

Symphony Properties Limited paid for naming rights, storage and car parks within the GE Capital Building. The total paid by Symphony Properties Limited was $39,921 (2004, $42,925).

Waimarie Limited (a Symphony Group company) paid for rental within the GE Capital Building. The total paid by Waimarie Limited was $250,546 (2004, $246,884).

ING (NZ) Limited paid for rental within MFL House. The total paid by ING (NZ) Limited was $19,362 (2004, $49,906).

No related party debts have been forgiven during the period.

16. Trust deed

The terms of the Trust are set out in the Trust Deed dated 30 October 2002, as amended on 30 September 2004. The changes do not affect these financial statements. A summary of the changes can be found on the ING Property Trust website (www.ingproperty.co.nz) and a summary is enclosed with the 2005 annual report.

The Trust terminates after a period of 80 years on 29 October 2082.

17. Trustee information

The Trustee is The New Zealand Guardian Trust Company Limited. In accordance with the Trust Deed, the Trustee will receive from the Trust a fee to a maximum of 0.075% per annum of the gross value of the Trust Fund, or such lesser percentage as is agreed between the Manager and Trustee from time to time.

The Trustee and the Manager have currently agreed an annual fee based on the gross value of the assets of the Trust as follows:
- .075% per annum on the first $50 million of gross assets
- .050% per annum on the second $50 million of gross assets
- .040% per annum on gross assets over $100 million

NOTES TO FINANCIAL STATEMENTS *continued*

18. Commitments

Ground rent:
Ground leases exist over the GE Capital Building in the Viaduct Harbour. The amount paid in respect of ground leases during the period was $368,565 (2004, $281,321).
The annual ground lease commitment is fully recoverable from tenants in proportion to their area of occupancy. The lease is renewable in perpetuity. Given these factors the total value of the commitment has not been calculated.

Building upgrades:
The Group had capital commitments as at 31 March 2005 of $1,477,388 relating to building upgrades not yet completed (2004, $95,194).

Property acquisitions:
An amount of $1,500,000 is payable to Mega Centre Investments Limited upon the completion of stage 1 of the Porirua Mega Centre (2004, nil).

There were no other commitments as at 31 March 2005 (2004, nil).

19. Contingencies

There were no contingencies as at 31 March 2005 (2004, nil)

20. Subsequent events

On 27 April 2005, ING Property Trust Holdings Limited, a company owned wholly by ING Property Trust, made a full scrip takeover offer for all the ordinary shares, listed 2007 Convertible Notes and unlisted Mandatory Convertible Notes in Urbus Properties Limited. Units in ING Property Trust were offered as consideration under the takeover offer. The offer became unconditional on 13 June 2005, at which time acceptances representing 73% of all Urbus securities on issue had been received.

Consideration offered under the takeover offer:

	Maturity Date	Interest Rate	Conversion Rate
Ordinary Shares	-	-	0.980 ING Units
Conversion Shares	-	-	0.980 ING Units
Convertible Notes	30-Mar-2007	9.25%	0.980 ING Units
Mandatory Convertible Notes	31-Mar-2006	10.50%	0.982 ING Units
Mandatory Convertible Notes	31-Mar-2006	12.00%	1.001 ING Units
Mandatory Convertible Notes	31-Mar-2006	12.50%	1.007 ING Units
Mandatory Convertible Notes	31-Mar-2006	14.00%	1.026 ING Units
Mandatory Convertible Notes	31-Mar-2010	14.00%	1.134 ING Units

21. NZX waivers

The following waivers from the NZX Listing Rules were applicable as at balance date:

Management fees
In 2002, prior to the initial public offer of units in the Trust, the Trust obtained a waiver from the requirement to seek unitholder approval under Listing Rule 9.2 to the extent that the amounts payable to the Manager under the Trust Deed or to ING (NZ) Limited under the Property Management Agreement, exceed or may in the future exceed the thresholds set out in Listing Rule 9.2. This waiver was granted on conditions described (and satisfied) in the prospectus in relation to the initial public offer of units in the Trust dated 31 October 2002.

NOTES TO FINANCIAL STATEMENTS *continued*

21. NZX waivers *(continued)*

Takeover offer for Urbus Properties Limited ("Urbus")
On 23 August 2004 the Trust obtained a waiver from the requirement to seek unitholder approval under Listing Rule 9.2.1 to the takeover offer for Urbus in circumstances where ING (NZ) Limited is a substantial security holder of both the Trust and Urbus, on the condition that the Manager produce certificates from the independent directors of the Manager confirming that the board's decision to promote the takeover offer was not influenced by ING (NZ) Limited.

On 23 September 2004, the Trust obtained a waiver from the provision in Listing Rule 7.3.8(a) which excludes issues under that Listing Rule in connection with takeovers of associated persons, in circumstances where Urbus is an associated person of the Manager. This waiver was granted on the conditions that:

(a) the effective control of the Trust by ING (NZ) Limited decreases as a result of the issue of units in the Trust under the takeover offer for Urbus;

(b) the issue of units in the Trust under the takeover offer does not increase or entrench the ability of ING (NZ) Limited and Symphony Investments Limited to appoint directors of the Manager or otherwise increase their effective control of the Trust; and

(c) the issue of units in the Trust under the takeover offer will not materially change the relative positions of other unitholders in relation to effective control of the Trust.

On 4 November 2004, the Trust obtained confirmation from NZX that the waiver from Listing Rule 9.2.1 granted on 23 August 2004 is unaffected by the appointment of the Hon Philip Burdon to the board of the Manager. Mr Burdon is chairman of the trustee companies of MFL Mutual Fund and SIL Mutual Fund, which are managed by ING (NZ) Limited. Both MFL and SIL are substantial security holders in the Trust and MFL also has holdings of Urbus securities which comprise part of ING (NZ) Limited's substantial security holding in Urbus. This confirmation was granted on the condition that the Manager produce certificates from the independent directors of the Manager that Mr Burdon has not had, and will not have, any involvement in the takeover offer for Urbus and that the board's decision to promote the takeover offer was not influenced by Mr Burdon.

On 9 July 2004, NZX granted a waiver for the benefit of ING (NZ) Limited from the requirement to seek unitholder approval under Listing Rule 9.2.1 to the renewal in 2010 of the Management Agreements underwhich Urbus is managed, where the Trust's takeover offer for Urbus has been successful. Urbus is managed under:

(a) a management agreement between Urbus and Urbus Corporate Management Limited, among others, dated 18 July 2000; and

(b) a property management agreement between Urbus and Urbus Property Management Limited, among others, dated 18 July 2000,

(together the "Urbus Management Agreements")
Urbus Corporate Management Limited and Urbus Property Management Limited (together the "Urbus Management Companies") are indirectly owned 50% by ING (NZ) Limited and 50% by Symphony Group Limited (which wholly owns Symphony Investments Limited), which together also own the Manager.

The Urbus Management Agreements expire on 5 November 2010 and confer on the Urbus Management Companies the right to renew those agreements for a further term of 10 years if, in the reasonable opinion of Urbus, the Urbus Management Companies have performed their obligations under the agreements, and the management fee proposed by the Urbus Management Companies for the renewal term is not substantially above the average comparable fee applicable at the time of renewal. This waiver was granted on the conditions that:

(a) prior to any such renewal the Manager publicly releases a report from a suitable independent person (approved by NZX) that the determination by the Trust in relation to past compliance with the Urbus Management Companies' obligations under the Urbus Management Agreements and the future fees in respect of the renewed agreements is fair and reasonable;

(b) there is no material variation to the terms of the Urbus Management Agreements on their renewal;

(c) this waiver is disclosed and its conditions disclosed to the market, including in the half year and annual reports of the Trust while the waiver is in force;

(d) the directors of the Manager provide NZX with signed certificates stating that the renewal of the Urbus Management Agreements has been undertaken on an arm's length commercial basis and that they consider them to be in the best interests of unitholders: and

(e) there is no variation to the facts upon which the waiver was granted or any variation to any other material circumstances prior to renewal of the Urbus Management Agreements.

22. Subsidiaries

Name	Principal activity	Holding 2005	Holding 2004
ING Property Trust No 1 Limited	Property management	100%	100%
ING Property Trust No 4 Limited	Property management	100%	100%
ING Property Trust Holdings Limited	Holding company	100%	100%
ING No 1 Trust	Property management	100%	0%

ING Property Trust Holdings Limited became active on 15 April 2005.

On 31 March 2005, ING Property Trust No 2 Limited and ING Property Trust No 3 Limited amalgamated with ING Property Trust No 1 Limited.

ING Property Trust No 4 Limited is the corporate Trustee of ING No 1 Trust. ING Property Trust has control over ING No 1 Trust as defined by FRS-37. ING Property Trust is therefore required to consolidate ING No 1 Trust in its group financial statements.

23. Fees paid to Auditor

During the period the Trust paid Deloitte $96,300 for non audit services, in relation to due diligence assurance services performed (2004, $23,870).

Deloitte.

AUDIT REPORT TO THE UNITHOLDERS OF ING PROPERTY TRUST

We have audited the financial report on pages 22 to 37. The financial report provides information about the past financial performance and financial position of ING Property Trust and group as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 25 and 26.

Manager of the Trust's responsibilities

The Manager of the Trust is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice of a financial report which gives a true and fair view of the financial position of ING Property Trust and group as at 31 March 2005 and of the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Manager of the Trust and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Manager of the Trust in the preparation of the financial report, and
- whether the accounting policies are appropriate to the trust and group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditor and provision of assurance services, we have no relationship with or interests in ING Property Trust or any of its subsidiaries.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion

- proper accounting records have been kept by ING Property Trust as far as appears from our examination of those records; and
- the financial report on pages 22 to 37.
  - complies with generally accepted accounting practice in New Zealand;
  - gives a true and fair view of the financial position of ING Property Trust and group as at 31 March 2005 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 20 June 2005 and our unqualified opinion is expressed as at that date.

Deloitte

AUCKLAND, NEW ZEALAND CHARTERED ACCOUNTANTS

UNITHOLDER STATISTICS

Twenty Largest Unitholders as at 6 May 2005

Unitholders		% of Total Issued Units
New Zealand Central Securities Depository Limited	187,151,625	77.83
Jarden Custodians Limited	4,400,000	1.83
Forbar Custodians Limited - PPM Medium A/C	2,678,465	1.11
Forbar Custodians Limited - PPM Low A/C	2,512,460	1.04
Investment Custodial Services Limited	2,266,139	0.94
Essex Castle Limited	1,650,000	0.68
University of Otago - Common Fund	1,200,000	0.49
Colman Securities Limited	1,000,000	0.42
Frimley Foundation	1,000,000	0.42
H B Williams Turanga Trust	1,000,000	0.42
First NZ Capital Custodians Limited	903,054	0.34
Custodial Services Limited - A/C 3	749,663	0.31
Forbar Custodians Limited - PPM High A/C	684,500	0.28
Fraser Smith Holdings Limited	500,000	0.20
J N Williams Memorial Trust	500,000	0.20
Julian Charles Stanley Smith, Trevor Donald Scott & Stuart Douglas Walker - JCS Smith A/C	500,000	0.20
Forhomes Investments Limited	328,200	0.14
Custodial Services Limited - A/C 2	315,128	0.14
Downtown House No 2 Limited	300,000	0.12
Palatine No 2 Limited	300,000	0.12
Total	**209,939,234**	**87.23%**
Total units on issue	**240,432,381**	

Spread of Unitholders as at 6 May 2005

Unitholders	No of Unitholders	Total Units	% of Total Issued Units
0 - 999	10	5,145	0.00%
1,000 - 1,999	28	34,489	0.01%
2,000 - 4,999	204	615,725	0.26%
5,000 - 9,999	365	2,347,116	0.98%
10,000 - 49,999	780	14,230,043	5.92%
50,000 - 99,999	90	5,374,003	2.24%
100,000 - 499,999	63	9,129,954	3.80%
500,000 - 999,999	6	3,837,217	1.60%
1,000,000 +	10	204,858,689	85.19%
Total	**1,556**	**240,432,381**	**100.00%**

Holdings of Directors of the Manager as at 31 March 2005

Unitholders			
Number of units	**Non-beneficial**	**Beneficial**	**Associated Person**
Trevor Scott	3,650,000	500,000	-
Peter Brook	200,000	50,000	-
Michael Smith	-	100,000	-
Andrew Evans	-	-	-
David McClatchy	-	-	-
Hon. Philip Burdon	-	-	-